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RUEHBJ/AMEMBASSY BEIJING 1955  
RUEHRL/AMEMBASSY BERLIN 1886  
RUEHBS/USEU BRUSSELS 1221  
RUEAIIA/CIA WASHDC  
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RHEFDIA/DIA WASHINGTON DC  
RUEHDBU/AMEMBASSY DUSHANBE 1948  
RHMFIUU/HQ USCENCOM MACDILL AFB FL  
RHMFISS/HQ USEUCOM VAIHINGEN GE  
RUEHIL/AMEMBASSY ISLAMABAD 2119  
RUEHBUL/AMEMBASSY KABUL 2088  
RUEHLO/AMEMBASSY LONDON 1816  
RUEHML/AMEMBASSY MANILA 0157  
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RUEHVEN/USMISSION USOSCE 1966  
RUCNDT/USMISSION USUN NEW YORK 1444

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SUBJECT: COMMERCE DEPARTMENT TO TAJIKISTAN: KEEP WORKING ON IT

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¶1. Summary: In a series of high-level government meetings in Dushanbe May 6-9, Department of Commerce Deputy Assistant Secretary for Europe and Eurasia Paul Dyck drilled home the

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message about providing a stable and open business environment in order to attract foreign investment. In return, Tajiks plugged the country's macroeconomic and political stability and opportunities for investment in Tajikistan's energy sector.

¶2. Dyck worked the Tajik-Afghan portion of the Silk Road, discussing cross-border trade and traveling to the U.S.-funded Nizhniy Pyanj bridge. Meanwhile, private companies gathered for an ebullient founder's dinner for an American Chamber of Commerce in Tajikistan, which we hope will result in the establishment of a local AmCham. We used all the events to emphasize that investment will come to Tajikistan only when the business climate improves. Unfortunately, the final meeting at the State Committee for Investments demonstrated that Tajikistan is likely a long way from making meaningful changes. End Summary.

¶3. Pulod Mukiddinov, First Deputy Minister of Energy and Industry, fished for U.S. interest in Tajik energy projects. Mukiddinov mentioned that 16 companies have expressed interest in the May 27-29 coal and thermal energy investment conference in Dushanbe. While hydropower remains the government's main focus, Tajikistan views its coal resources as a quick solution to some of its energy problems, particularly for year-round export and domestic consumption. Mukiddinov told Dyck that the

best investment opportunities in Tajikistan are in light industry, including cotton processing, the energy sector, and energy-intensive industries, such as aluminum and mining. When Dyck raised U.S. company CanArgo's proposal for cooperation in oil and gas, Mukiddinov noted that this area is headed by another deputy minister, but reported that a delegation had viewed CanArgo's operations in Georgia and had reached agreement with the company. The government is now considering the issue of licensing.

¶4. Namatjon Buriev, Advisor to the President on Economic Affairs, touted Tajikistan's stable political arena, close relationships with international institutions such as the World Bank, and stable macroeconomic environment as advantages for investment here. He pointed to recently-passed laws and regulations and to the government's strategies for poverty reduction and development that will help ease the cost of doing business here. However, while Buriev realizes that attracting attention from U.S. companies requires significant effort, he could not answer Dyck's basic question about how companies can receive information about Tajik market regulations.

¶5. Donors, non-governmental organizations and Afghan trade representatives gathered for lunch to discuss the ins and outs of Tajik-Afghan trade issues. Aga Khan Development network representatives discussed their successful projects in the eastern Gorno-Badakhshan region building small bridges and stimulating trade. The Eurasia Foundation talked about its cross-border project to improve market information, which will be assisted by a Business Facilitation Incentive Fund (BFIF) grant proposed by Embassies Dushanbe and Kabul. The Afghan trade representative noted that trade is severely limited by the restrictions on Tajik visas for Afghan businesspeople due to security concerns. The representatives had high hopes for the U.S.-funded Nizhniy Pyanj bridge, but suggested that we will need to push the "market forces" into action to stimulate cross-border trade.

Am Cham Tajikistan

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¶6. Representatives of eight US-Tajik joint ventures toasted to the future of American business in Tajikistan by joining the Ambassador and Dyck at the Ambassador's residence for the founder's dinner of an American Chamber of Commerce in Tajikistan. The chamber is currently being registered in Delaware, thanks to significant efforts by Eurasia Foundation and Embassy Dushanbe. While an AmCham would no doubt serve as a welcome signal to the U.S. and international business communities that Tajikistan is open for business, the deal is not yet sealed: many of the U.S. companies have yet to receive approval from their parent offices to become founding members.

"I've never heard that before!" The State Committee on Investments

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¶7. "All roads lead to this committee," Dyck told Deputy Chair Makhmadsharif Nozimov from the Tajik State Committee on Investments and State Property. The government has made the much-touted investments committee the lead agency to attract foreign investment, provide information to domestic and foreign companies, and develop an open business climate. After two days of meetings with Tajik officials who directed questions on foreign investment to this committee, Dyck walked in with high hopes that he would be able to discuss the specific concerns U.S. businesses have in Tajikistan. Unfortunately, the committee chairman and chief deputy were out of the country and had the number three meet with the delegation.

¶8. It took Nozimov only minutes to demonstrate the vast problems businesses face in Tajikistan. Nozimov flatly denied Dyck's comment that U.S. businesses interested in investing in

Tajikistan cannot easily find the rules and regulations relevant to opening a business in their sector and repeatedly insisted that if Dyck knew of a company interested in investing in Tajikistan, he should just put the company in touch with the investments committee and they had a list of projects they wanted funded.

¶9. Dyck mentioned the difficulty that businesses have in getting in and out of Dushanbe due to the lack of flights, and the inability to purchase Tajik Air tickets online. Nozimov uttered: "This is the first time I'm hearing this," and began to scribble down notes. "We have the most democratic country in Central Asia," Nozimov exclaimed. "We don't do retina scans at the airport." Nozimov expressed disappointment (and amazement) that no one was exploiting the potential for tourism or extracting the gas, oil, coal, and mineral resources. Dyck explained that U.S. companies operating in the region in these industries are willing to take on risk, but are not coming here because they do not see Tajikistan as a safe place to invest. "I've never heard that before," said Nozimov.

¶10. Comment: Whether Nozimov was being purposely obtuse or actually didn't know about these issues, his refusal to engage in a serious conversation with an important conduit to U.S. business was a clear and unwelcome sign that Tajikistan is not truly open for business.

¶11. Dyck's meetings with government officials here provided a fresh face for many of the business climate issues we trumpet regularly. As Tajik President Rahmon continues to seek out state-led investments, visitors like Dyck make a big difference

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in getting out the message that the way to attract U.S. investment is not just to ask for it, but to improve conditions for business here. End comment.  
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